

**HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
FINANCIAL AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harmony Neighborhood Development, Inc.
New Orleans, Louisiana

I have audited the accompanying financial statements of **Harmony Neighborhood Development (Harmony)** (a non-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Harmony** as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated September 26, 2014 on my consideration of **Harmony** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Harmony** internal control over financial reporting and compliance.



VGR, CPA
CERTIFIED PUBLIC ACCOUNTANT
New Orleans, Louisiana

September 26, 2014



HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

ASSETS

Cash and cash equivalents (NOTES 2 and 6)	\$ 245,108
Investments (NOTES 2 and 6)	226,844
Grants receivable (NOTE 6)	220,257
Loan receivable	19,250
Prepaid expenses	5,775
Property held for resale and development (NOTE 3)	4,331,282
Investment in tax defaulted properties (NOTE 5)	32,254
Escrow (NOTE 11)	30,000
Plant, property and equipment, net of accumulated depreciation of \$ 38,223 (NOTES 2 and 4)	<u>374,506</u>
Total assets	<u>\$ 5,485,276</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 79,407
Deposits	1,200
Retainage payable	105,159
Deferred revenue	75,000
Lines of credit (NOTES 6 and 10)	1,710,926
Interest payable	9,177
Loans payable (NOTES 6 and 9)	<u>1,587,435</u>
Total liabilities	<u>3,568,304</u>
Net Assets: (NOTE 2)	
Unrestricted	<u>1,916,972</u>
Total net assets	<u>1,916,972</u>
Total liabilities and net assets	<u>\$ 5,485,276</u>

The accompanying notes are an integral part of these financial statements.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Total</u>
REVENUES AND SUPPORT:	
Contributions (NOTE 2)	\$ 102,000
Grants and contracts (NOTE 2)	442,745
Sale of properties (NOTE 3)	1,542,050
Developer fees	852,921
Investment income	297
Other revenue	<u>18,259</u>
Total revenues and support	<u>2,958,272</u>
EXPENSES: (NOTE 8)	
Program services	2,798,128
Support services	<u>203,746</u>
Total expenses	<u>3,001,874</u>
Changes in net assets	(43,602)
Net assets, beginning of year	<u>1,960,574</u>
Net assets, end of year	\$ <u>1,916,972</u>

The accompanying notes are an integral part of these financial statements.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash Flows from Operating Activities:

Change in net assets	\$ (43,602)
Depreciation expense	1,992
Decrease in grants receivables	116,039
Increase in loans receivable	(19,250)
Increase in prepaid expenses	(4,217)
Decrease in accounts payable	(55,689)
Increase in retainage payable	72,650
Decrease in payroll liabilities	(3,294)
Decrease in deferred revenue	(1,935)
Decrease in interest payable	(3,645)
Increase in deposits	1,200
	<hr/>
Net cash provided by operating activities	60,249

Cash Flows from Investing Activities:

Purchase of investments	(223,418)
Development of properties	(468,752)
Maturities of investments in tax defaulted properties	(8,197)
Purchase of plant, property, & equipment	(315,728)
	<hr/>
Net cash used in investing activities	(1,016,095)

Cash Flows from Financing Activities:

Draws on lines of credit	957,244
Payment on loan	(127,415)
	<hr/>
Net cash provided by financing activities	829,829

Net increase in cash and equivalents	(126,017)
Cash - January 1, 2012	371,125
	<hr/>
Cash - December 31, 2012	\$ 245,108

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION:

Harmony Neighborhood Development (Harmony) is a non-profit community organization, community planning and development organization focused on revitalizing the Central City neighborhood. Central to **Harmony's** work is the mission to make quality housing affordable by leveraging community partnerships and private and public funding options. **Harmony** believes that by building capacity for homeownership among low-income families in Central City, community wealth-building and empowerment are stimulated. **Harmony's** team's cluster development activities in Central City are aimed at restoring desolate blocks into lively areas with new levels of commitment and investment. **Harmony's** vision is to create a vibrant Central City by increasing homeownership to 40 percent over the next ten years.

To date, **Harmony** has been a partner in transforming over 25 vacant and decaying properties into quality affordable housing accessible to existing residents of Central City. **Harmony** also served as Community Partner on the completion of Harmony Oaks, the 460-unit mixed income redevelopment of the former CJ Peete Public Housing Complex. The project was made possible by the United States Department of Housing and Urban Development Hope VI Revitalization Grant awarded to the Housing Authority of New Orleans in March 2008. As Community Partner, **Harmony** is also responsible for developing 50 off-site, single-family homes in the neighborhood surrounding the complex under the Harmony Homes brand.

Harmony's comprehensive approach to revitalization also includes resident organizing, community asset building and small-scale commercial development.

Harmony's core values include:

- Community engagement;
- Economic inclusion;
- Sustainable design;
- Collaboration (partnering whenever possible);

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - ORGANIZATION, CONTINUED

- Integrity (delivering what is promised);
- Fiscal responsibility (established programs will be financially sustainable);
- Committed to quality (building what they would want to live in); and
- Clustering for impact.

The consolidated financial statements of **Harmony** include:

- **Harmony Neighborhood Development (Harmony)** as described above and three subsidiaries as described below:
 - Central City Partners II, LLC, a Louisiana Limited Liability Company formed to develop for-development projects for middle income families;
 - NONDC-Conventionally Financed Projects, LLC, a Louisiana Limited Liability Company established to construct homes utilizing conventional bank financing as the primary source of construction financing. NONDC-Conventionally Financed Projects, LLC seeks to revitalize the Central City neighborhood by building capacity for homeownership among low-families in Central City, stimulating community wealth-building and empowerment, and aiming cluster development activities at restoring desolate blocks into lively areas with new levels of commitment and investment;
 - NONDC-NSP2 Project, LLC, a Louisiana Limited Liability Company established to revitalize certain eligible census tracts of the Central City neighborhood utilizing Federal Neighborhood Stabilization funding awarded to a consortium lead by a local non-profit organization. NONDC-NSP2 Project, LLC focuses its efforts on acquisition of vacant and/or blighted structures and lots and construction of single-family for sale homes and aiming cluster development activities in Central City at restoring desolate blocks into lively areas with new levels of commitment and investment.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - ORGANIZATION, CONTINUED

- Central City Partners II, LLC has been consolidated based on Harmony's effective control as managing member. NONDC-Conventionally Financed Projects, LLC and NONDC-NSP2 Project, LLC have been consolidated based on Harmony's 100% ownership interest.

Throughout the notes to the consolidated financial statements **Harmony**, Central City Partners II, LLC, NONDC-Conventionally Financed Projects, LLC, and NONDC-NSP2 Projects, LLC will be collectively referred to as **Harmony**. All significant intercompany accounts and transactions have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

The consolidated financial statements of **Harmony** are presented on the accrual basis of accounting

Harmony has adopted the provisions of the Financial Accounting Board Accounting Standards Codification (FASB ASC) Topic 958, Not-For-Profit Entities, and reports its financial position and activities according to three classes of net assets according to external (donor) imposed restrictions.

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **Harmony** are included in this category. **Harmony** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **Harmony** and therefore, **Harmony's** policy is to record these net assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations and contributions for which donor imposed restrictions have not been met.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Financial Statement Presentation, Continued

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At December 31, 2012, **Harmony** did not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents

Harmony considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

Financial instruments that are potentially subject **Harmony** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Contributions and Grants

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Grants from governmental agencies and other entities are recognized when earned.

Income Taxes

Harmony is tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying financial statements. Should **Harmony's** tax-exempt status be challenged in the future the 2009, 2010 and 2011 tax years are open for examination by the IRS.

Plant, Property, and Equipment

Furniture and equipment are recorded at cost (or fair market for donated assets) and are depreciated using the straight-line method over the estimated useful lives of the related assets, which is five (5) years. **Harmony** capitalizes all furniture and equipment purchases that individually exceed \$1,000 with a useful life of greater than one (1) year.

Investments

The investments of **Harmony** are maintained by a local community foundation. The local community foundation invests the funds on behalf of **Harmony** and reports on the status of the investment to **Harmony** on a quarterly basis.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - PROPERTY HELD FOR RESALE AND DEVELOPMENT:

Amounts represent properties purchased by **Harmony** that have been developed and will be sold to homebuyers, or are in the process of being developed and will be held for resale after development is completed. The total costs of property held for resale and property held for development totaled \$4,331,282 at December 31, 2012. There were nine (9) properties sold during the year for a total of \$ 1,542,050, the costs of these properties totaled \$ 1,835,444 resulting in a loss of \$293,394. A portion of the loss on these properties was subsidized by a construction subsidy from the Housing Authority of New Orleans totaling \$101,864.

NOTE 4 - FURNITURE, EQUIPMENT AND ACCUMULATED DEPRECIATION:

At December 31, 2012, **Harmony's** furniture, equipment and accumulated depreciation were classified as follows:

	January 1, 2012 <u>Balance</u>	Additions/ Deletions	December 31, 2012 <u>Balance</u>
Office furniture and equipment	\$ 39,539	\$ 3,594	\$ 43,133
Garden land	-0-	40,567	40,567
Commercial land	-0-	107,142	107,142
Office building and land	57,462	164,425	221,887
Accumulated depreciation	<u>(36,231)</u>	<u>(1,992)</u>	<u>(38,223)</u>
Total	\$ <u>60,770</u>	\$ <u>316,856</u>	\$ <u>374,506</u>

Depreciation expense was \$ 1,992 for the year ended December 31, 2012.

NOTE 5 - INVESTMENT IN TAX DEFAULTED PROPERTIES:

Investment in tax defaulted properties represents delinquent property taxes **Harmony** paid for tax sale properties. The taxes paid by **Harmony** will be repaid at the time the owner sells the property to **Harmony**, or another entity or individual. The investment totaled \$32,254 at December 31, 2012.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - FAIR VALUE MEASUREMENTS OF
FINANCIAL ASSETS AND LIABILITIES:

In accordance with FASB ASC Topic 820 fair value is defined as the price that **Harmony** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **Harmony's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **Harmony's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - FAIR VALUE MEASUREMENTS OF
FINANCIAL ASSETS AND LIABILITIES, CONTINUED:

All investments are considered Level 1 investments.

The carrying value and the estimated fair values of **Harmony** financial instruments at December 31, 2012 are as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 245,108	\$ 245,108
Investments	226,844	226,844
Grants receivable	220,257	220,257
Lines of credit	1,710,926	1,710,926
Loans payable	1,587,435	1,587,435

NOTE 7 - CONTINGENCIES:

Grants and contracts with agencies often require fulfillment of certain conditions as set forth in the terms of the agreements. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely, since **Harmony** has agreed to comply with the grantors' provisions.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - LOANS PAYABLE:

On June 15, 2009, **Harmony** entered into a Construction Loan Agreement with the Department of Housing and Urban Development and the Housing Authority of New Orleans. The balance of the loan at December 31, 2012 was \$929,403. The loan bears an interest rate of 0% with a maturity date of December 31, 2012. The loan was renewed November 7, 2012. The loan funds will be utilized to construct twenty-two (22) Homeownership Replacement units; principal and interest payable will be paid from the net sale proceeds at the time that the Homeownership Replacement Units are sold.

On September 2, 2009, **Harmony** entered into a financial assistance (loan) agreement with the Louisiana Housing Finance Agency (LHFA). Under the agreement the LHFA lent funds to **Harmony** to redevelop three (3) vacant residential properties. The loan bears no interest and will be repaid to LHFA from the net sale proceeds at the time the four redeveloped properties are sold. The balance of the loan at December 31, 2012 totaled \$188,812.

On April 27, 2010, **Harmony** received recoverable grant financing (a loan) from a private foundation in the amount of \$125,000. The loan bears a 0% interest rate and must be paid in full by May 15, 2015. At December 31, 2012, the outstanding balance on the loan was \$115,823, net of the unamortized discount of \$9,177.

On November 30, 2011 **Harmony** obtained a loan from a limited liability corporation in the amount of \$305,000. The loan bears an interest rate of 3.5% with interest payments being due semi-annually in arrears on May 30th and November 30th. The principal sum and the final interest payment are due on October 31, 2013. At December 31, 2012, the outstanding balance on the loan totaled \$305,000.

On January 9, 2012 **Harmony** obtained a rehabilitation loan from a local bank to fund construction on new properties. The loan bears interest of 5% and matures on May 17, 2013. At December 31, 2012, the outstanding balance on the loan totaled \$48,397.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - LINES OF CREDIT

On August 29, 2011, **Harmony** obtained a line of credit from a local bank. The line of credit is collateralized by the properties constructed with the line of credit and has a maturity date of September 20, 2015 bearing interest of 4.25%. As of December 31, 2012, the amount outstanding on the line of credit totaled \$851,148.

On November 17, 2011, **Harmony** obtained two (2) lines of credit from a local bank. The lines of credit are collateralized by the properties constructed with the line of credit bearing interest of 6.25% each. As of December 31, 2012, the amount outstanding on the lines of credit totaled \$122,981 and \$190,666 respectively.

On March 29, 2012, **Harmony** obtained a line of credit from a local bank. The line of credit is collateralized by the properties constructed with the line of credit bearing interest of 6.25% each. As of December 31, 2012, the amount outstanding on the line of credit totaled \$50,000.

On June 11, 2012, **Harmony** obtained a line of credit from a local bank. The line of credit is collateralized by the properties constructed with the line of credit and has a maturity date of December 31, 2013 bearing interest of 2%. As of December 31, 2012, the amount outstanding on the line of credit totaled \$496,130.

NOTE 11 - ESCROW:

The escrow amount represents a soft-second mortgage granted to a homebuyer. The soft-second mortgage will be forgiven a rate of 20% per year for five years beginning in 2015 after the homebuyer has lived in the home for five (5) years. The escrow balance was \$30,000 at December 31, 2012.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - CENTRAL CITY PARTNERS II, LLC /
RELATED PARTY TRANSACTIONS:

On May 1, 2009, **Harmony** entered into an operating agreement with Peete Redevelopment, LLC (Peete) to establish Central City Partners II, LLC (CCP II), a Louisiana Limited Liability Company. **Harmony** has a one percent (1%) interest in the agreement and Peete has a ninety-nine percent (99%) interest. **Harmony** is the managing partner.

CCP II was formed to develop for-sale development projects and is funded through the Hope VI grant program, a program funded by the United States Department of Housing and Urban Development and administered by the Housing Authority of New Orleans (HANO). Funds received under this program are used to finance the construction of for-sale properties and to subsidize costs to insure that **Harmony** realizes a pre-established developer's fee, and no loss, on the sale of the properties developed. The construction subsidy is recognized as grant revenue to **Harmony**.

During the year, **Harmony** paid Peete Redevelopment \$ 29,450 which was the share of developer fee revenue earned from the for-sale development project funded by HANO. Peete Redevelopment donated the funds back to **Harmony** as an unrestricted contribution

In 2008, **Harmony** entered into an operating agreement with Peete, to create Central City Partners I, LLC, a Missouri Limited Liability Company established to develop rental properties. **Harmony** has a one percent (1%) interest in the company and acts as manager of the company by providing rental development services. The company pays a developer's fee to **Harmony** for developer services rendered to the company. During the year ended December 31, 2012, **Harmony** was paid \$805,040 for rental development services.

NOTE 13 - ECONOMIC DEPENDENCY:

The primary sources of revenue for **Harmony** are grants and contributions provided through various funding agencies and private foundations. The continued success of **Harmony** is dependent upon the continued receipt of such funds as well as obtaining new sources of funding.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - SUBSEQUENT EVENTS:

FASB 165, which is codified in ASC Top 855-10, requires the disclosure of the date through which **Harmony** has evaluated subsequent events and the reason for selecting that date. **Harmony** evaluated subsequent events from January 1, 2012 to November 1, 2013, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>GRANTOR</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>ACTIVITY</u>
U.S. Department of Housing and Urban Development			
<i>Awards from Pass-Through Entities:</i>			
<i>New Orleans Redevelopment Authority:</i>			
ARRA-Neighborhood Stabilization Program 2	14.256		\$ 560,611
<i>Housing Authority of New Orleans:</i>			
CDBG: Demolition and Revitalization of Severely Distressed Public Housing	14.866	LA-48-URD-001-1107	<u>929,403</u>
Total U.S Department of Housing and Urban Development			<u>1,490,014</u>
Total Expenditures of Federal Awards			<u>\$ 1,490,014</u>

HARMONY NEIGHBORHOOD DEVELOPMENT, INC
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **Harmony** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profits. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

NEW ORLEANS NEIGHBORHOOD DEVELOPMENT COLLABORATIVE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

	NONDC	Central City Partners II, LLC	NONDC-NSP2 Projects, LLC	NONDC- Conventionally Financed Projects, LLC	Total	Elimination	Consolidated
Cash and cash equivalents	\$ 170,948	\$ 21,528	\$ 21,768	\$ 30,864	\$ 245,108	\$ -	\$ 245,108
Investments	226,844	-	-	-	226,844	-	226,844
Grants receivable	70,175	-	114,082	36,000	220,257	-	220,257
Intercompany receivable	2,562,740	198,250	23,248	-	2,784,238	(2,784,238)	-
Prepaid expenses	5,775	-	-	-	5,775	-	5,775
Property held for resale and development	37,775	1,092,208	793,494	2,407,805	4,331,282	-	4,331,282
Investment in tax defaulted properties	25,467	-	2,951	3,836	32,254	-	32,254
Plant, property, and equipment net of accumulated depreciation	374,506	-	-	-	374,506	-	374,506
Escrow	30,000	-	-	-	30,000	-	30,000
Loan receivable	19,250	-	-	-	19,250	-	19,250
Total assets	\$ 3,523,480	\$ 1,311,986	\$ 955,543	\$ 2,478,505	\$ 8,269,514	\$ (2,784,238)	\$ 5,485,276
Liabilities							
Accounts payable	\$ 26,278	\$ -	\$ 53,129	\$ -	\$ 79,407	\$ -	\$ 79,407
Deposits	-	-	-	1,200	1,200	-	1,200
Retainage payable	6,163	-	5,904	93,092	105,159	-	105,159
Intercompany payable	-	243,293	988,109	1,552,836	2,784,238	(2,784,238)	-
Deferred revenue	75,000	-	-	-	75,000	-	75,000
Interest payable	9,177	-	-	-	9,177	-	9,177
Lines of credit	669,111	190,667	-	851,148	1,710,926	-	1,710,926
Loans payable	658,032	929,403	-	-	1,587,435	-	1,587,435
Total liabilities	1,443,761	1,363,363	1,047,142	2,498,276	6,352,542	(2,784,238)	3,568,304
Net Assets							
Beginning net asset balance	2,054,485	(98,942)	-	5,031	1,960,574	-	1,960,574
Change in net assets	25,234	47,566	(91,599)	(24,803)	(43,602)	-	(43,602)
Ending net asset balance	2,079,719	(51,376)	(91,599)	(19,772)	1,916,972	-	1,916,972
Total liabilities and net assets	\$ 3,523,480	\$ 1,311,987	\$ 955,543	\$ 2,478,504	\$ 8,269,514	\$ (2,784,238)	\$ 5,485,276

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES AND SUPPORT

	NONDC	Central City Partners II, LLC	NONDC-NSP2 Projects, LLC	NONDC- Conventionally Financed Projects, LLC	Total	Elimination	Consolidated
Contributions	\$ 102,000	\$ -	\$ -	\$ -	\$ 102,000	\$ -	\$ 102,000
Grants and contracts	149,886	140,519	112,494	39,846	442,745	-	442,745
Sale of properties	-	342,050	680,000	520,000	1,542,050	-	1,542,050
Developer fees	824,057	28,864	-	-	852,921	-	852,921
Interest income	297	-	-	-	297	-	297
Intercompany revenue	-	-	198,718	-	198,718	(198,718)	-
Other income	13,344	3,584	1,331	-	18,259	-	18,259
Total revenues and support	<u>\$ 1,089,584</u>	<u>\$ 515,017</u>	<u>\$ 992,543</u>	<u>\$ 559,846</u>	<u>\$ 3,156,990</u>	<u>\$ (198,718)</u>	<u>\$ 2,958,272</u>

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	Support Services	Total Expenses	Elimination	Consolidated
<u>NONDC</u>					
Salaries	\$ 321,185	\$ 77,595	\$ 398,780	\$ -	\$ 398,780
Payroll taxes	26,610	6,530	33,140	-	33,140
Fringe benefits	42,067	10,323	52,390	-	52,390
Professional services	60,310	30,614	90,924	-	90,924
Marketing	6,910	20,893	27,803	-	27,803
Insurance	-	3,216	3,216	-	3,216
Rent and parking	24,867	6,104	30,971	-	30,971
Telephone	7,155	1,756	8,911	-	8,911
Office expenses	4,015	4,015	8,030	-	8,030
Depreciation	-	1,992	1,992	-	1,992
Meetings	-	6,428	6,428	-	6,428
Staff training	11,843	-	11,843	-	11,843
Computers & supplies	5,855	3,702	9,557	-	9,557
Interest	904	12,335	13,239	-	13,239
Dues & Fees	-	6,335	6,335	-	6,335
Printing and reproduction	1,263	310	1,573	-	1,573
Property maintenance	-	2,027	2,027	-	2,027
Property holding expenses	6,327	-	6,327	-	6,327
Donation expense	9,867	-	9,867	-	9,867
Community engagement	1,981	-	1,981	-	1,981
Website maintenance	-	823	823	-	823
Special programs	20,010	-	20,010	-	20,010
Developer fee	100,000	-	100,000	-	100,000
Homebuyer services	13,983	-	13,983	-	13,983
Miscellaneous	-	5,482	5,482	-	5,482
Intercompany expenses	198,718	-	198,718	(198,718)	-
Subtotal NONDC	863,870	200,480	1,064,350	(198,718)	865,632
<u>Central City Partners II, LLC</u>					
Cost of homes sold	451,334	-	451,334	-	451,334
Bank charges	-	312	312	-	312
Office expense	-	31	31	-	31
Supplies	-	208	208	-	208
Property maintenance	15,566	-	15,566	-	15,566
Subtotal Central City Partners II, LLC	466,900	551	467,451	-	467,451

(continued on next page)

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>	<u>Elimination</u>	<u>Consolidated</u>
<u>NONDC-NSP Projects, LLC</u>					
Cost of homes sold	\$ 830,164	\$ -	\$ 830,164	\$ -	\$ 830,164
Property maintenance	10,251	-	10,251	-	10,251
Bad debt	-	2,009	2,009	-	2,009
Property taxes	2,159	-	2,159	-	2,159
Closing costs	238,420	-	238,420	-	238,420
Postage	-	40	40	-	40
Licenses	-	30	30	-	30
Interest	861	-	861	-	861
Supplies	-	208	208	-	208
Subtotal NONDC-NSP Projects, LLC	<u>1,081,855</u>	<u>2,287</u>	<u>1,084,142</u>	<u>-</u>	<u>1,084,142</u>
<u>NONDC-Conventionally Financed Projects, LLC</u>					
Cost of homes sold	553,946	-	553,946	-	553,946
Interest	5,340	-	5,340	-	5,340
Closing costs	3,263	-	3,263	-	3,263
Bank charges	-	189	189	-	189
Licenses	-	30	30	-	30
Supplies	-	209	209	-	209
Property maintenance	<u>21,672</u>	<u>-</u>	<u>21,672</u>	<u>-</u>	<u>21,672</u>
Subtotal NONDC-Conventionally Financed Projects, LLC	<u>584,221</u>	<u>428</u>	<u>584,649</u>	<u>-</u>	<u>584,649</u>
Total consolidated expenses	<u>\$ 2,996,846</u>	<u>\$ 203,746</u>	<u>\$ 3,200,592</u>	<u>\$ (198,718)</u>	<u>\$ 3,001,874</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Harmony Neighborhood Development
New Orleans, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Harmony Neighborhood Development (Harmony)** (a non-profit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 26, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **Harmony's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Harmony's** internal control. Accordingly, I do not express an opinion on the effectiveness of **Harmony's** internal control.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

(CONTINUED)

Internal Control Over Financial Reporting, Continued

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Harmony's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

Harmony's Response to Findings

Harmony's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. **Harmony's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



VGR, CPA
CERTIFIED PUBLIC ACCOUNTANT
New Orleans, Louisiana

September 26, 2014





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Harmony Neighborhood Development
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the **Harmony's** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Harmony** major federal programs for the year ended December 31, 2012. **Harmony's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of **Harmony's** major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

(CONTINUED)

Auditor's Responsibility, Continued

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Harmony** compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of **Harmony's** compliance.

Opinion on Each Major Federal Program

In my opinion, **Harmony** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of my auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-01. My opinion on each major federal program is not modified with respect to these matters.

Harmony's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. **Harmony's** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

(CONTINUED)

Report on Internal Control over Compliance

Management of **Harmony** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered **Harmony's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of **Harmony's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

(CONTINUED)

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



VGR, CPA
CERTIFIED PUBLIC ACCOUNTANT
New Orleans, Louisiana

September 26, 2014



HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I - Summary of the Independent Auditor's Results

Financial statements

- | | | |
|----|--|--------------------|
| 1. | Type of report issued: | <u>Unqualified</u> |
| 2. | Did the audit disclose any material weaknesses in internal control over financial reporting: | <u>No</u> |
| 3. | Did the audit disclose any significant deficiencies in internal control over financial reporting: | <u>No</u> |
| 4. | Did the audit disclose any non-compliance which is material to the financial statements of the organization: | <u>No</u> |

Federal awards

- | | | |
|----|---|--------------------|
| 5. | Did the audit disclose any material weaknesses internal control over major federal programs: | <u>No</u> |
| 6. | Did the audit disclose any significant deficiencies in internal control over major programs: | <u>No</u> |
| 7. | Type of report issued on compliance for major programs: | <u>Unqualified</u> |
| 8. | Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): | <u>Yes</u> |

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I - Summary of the Independent Auditor's Results, Continued

9. The following is an identification of major programs:

<u>CFDA or Contract Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grant - States and Non-entitlement Grants in Hawaii
14.256	ARRA - Neighborhood Stabilization Program

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000
11. Did the auditee qualify as a low risk auditee under OMB Circular A-133, Section 530. Yes

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE II - Financial Statement Findings

Audit Finding Reference Number

See Finding 2012-01 in Section III – Federal Award Findings and Questioned Costs

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2012

Section III - Federal Award Findings and Questioned Costs

Audit Finding Reference Number

2012-01 - Untimely submission of audit report

Criteria

Pursuant to OMB Circular No. A-133, section 320, Single audits are required to be completed and the data collection form and reporting package submitted within the earlier of thirty (30) days after receipt of the auditor's report, or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

Conditions and Perspective

The December 31, 2012 Single Audit reporting package was not submitted within the prescribed time frame.

Cause

Harmony's financial statements were not completed in a timely manner.

Effect

Harmony has not complied with the Single Audit requirement of OMB Circular A-133.

Recommendation

I recommend that management of **Harmony** take steps to ensure that the Single Audit reporting package is submitted within the prescribed federal deadline.

Management's Response

Management will take the necessary steps to ensure that the audit is completed timely.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Audit Finding Reference Number

2011-01 - Financial and Grant Management System

Condition

I noted that management failed to ensure that accounting records and general ledger accounts (i.e. cash, receivables, deferred revenue, loans payable, revenue, and intercompany accounts) were reconciled and reviewed on a timely basis. The lack of reconciliations and oversight resulted in various account balances being misstated, transactions being recoded incorrectly or without necessity, and certain transactions not being recorded in the general ledger.

Recommendation

I recommend that **Harmony** establish and implement effective policies and procedures to improve the financial and grants management systems of the organization. **Harmony** should strengthen its internal controls over grant administration to ensure that there is no greater than a remote likelihood of noncompliance with federal and program specific requirements and to ensure that misstatements, errors, and omissions are detected and corrected on a timely basis.

Current Status

Resolved.

HARMONY NEIGHBORHOOD DEVELOPMENT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2012

Audit Finding Reference Number

2011-02 - Untimely submission of audit report

Condition

The December 31, 2011 Single Audit reporting package was not submitted within the prescribed time frame.

Recommendation

I recommend that management of **Harmony** take steps to ensure that the Single Audit reporting package is submitted within the prescribed federal deadline.

Current Status

Unresolved. See current year finding 2012-01.